

by the gentleman from Maine [Mr. LONGLEY].

The amendment was agreed to.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 390

Mr. BARRETT of Wisconsin. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 390.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

CONFERENCE REPORT ON S. 895, SMALL BUSINESS LENDING EN- HANCEMENT ACT OF 1995

Mrs. MEYERS of Kansas. Mr. Speaker, I ask unanimous consent that it be in order to immediately consider the conference report to accompany the Senate bill (S.895) to amend the Small Business Act to reduce the level of participation by the Small Business Administration in certain loans guaranteed by the administration, and for other purposes, that the conference report be considered as read, and that debate thereon be limited to 10 minutes, equally divided and controlled by the gentleman from Missouri [Mr. SKELTON] and myself.

The SPEAKER pro tempore (Mr. EVERETT). Is there objection to the request of the gentlewoman from Kansas?

There was no objection.

Mrs. MEYERS of Kansas. Mr. Speaker, pursuant to the unanimous consent request just agreed to, I call up the conference report on the Senate bill (S.895) to amend the Small Business Act to reduce the level of participation by the Small Business Administration in certain loans guaranteed by the administration, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the unanimous-consent request, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of Thursday, September 28, 1995, at page H9638.)

The SPEAKER pro tempore. Pursuant to the unanimous consent request, the gentlewoman from Kansas [Mrs. MEYERS] will be recognized for 5 minutes, and the gentleman from Missouri [Mr. SKELTON] will be recognized for 5 minutes.

The Chair recognizes the gentlewoman from Kansas [Mrs. MEYERS].

Mrs. MEYERS of Kansas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report on S. 895, the Small Business Lending Enhancement Act of

1995. This report reflects a strong bipartisan effort to strengthen and reduce the cost of two of the Small Business Administration's most important lending programs, the 7(a) Guaranteed Loan Program and the 504 Certified Development Company Program. All of the conferees, and indeed, all of the Small Business Committee members in both Chambers recognized that we were faced with a difficult balancing act. The task we faced was to meet the mandate of reducing the cost of these vital programs without unduly penalizing the small business borrower. Not only have we accomplished this task, through a modest increase in fees, but we will be able to assist more small businesses with their capital needs with significantly fewer appropriated dollars.

In the case of the 7(a) program, we have reduced its subsidy cost from \$2.74 per hundred dollars of loan guaranteed down to \$1.06, a reduction of approximately 60 percent. We have split the increase costs between the lender and the borrower. In addition, we have reduced the Government's risk by limiting the guarantee percentage to a maximum of 75 percent for loans over \$100,000, and a maximum of 80 percent for loans under \$100,000. Private lending institutions will share a greater portion of the risk, insuring sound underwriting standards.

Turning to the 504 Certified Development Company Program, which provides funding for real estate and capital asset acquisition—our bricks-and-mortar lending program, we have made it entirely self-funding through the imposition of a one-eighth of a point interest rate increase. With a zero subsidy rate, no appropriated dollars will be required to operate this program.

In addition, the conferees agreed to accept a provision from the Senate bill to extend the Preferred Surety Bond Guarantee Program. This program, which would expire at the end of this fiscal year without an extension, provides expedited service for small business contractors who need bonding to get contracts, and I am pleased that we are able to continue this much-needed program.

While I don't intend to make lengthy remarks about legislation that is a model of bipartisan cooperation and so devoid of controversy, I would like to address an issue that was discussed at some length in our committee markup, but which was absent from both House and Senate bills. This issue is whether or not we should carve out an exception to the 75- and 80-percent guarantee levels for small business loans, and retain a 90-percent guarantee for the Export Working Capital Loan. I feel strongly, as I believe others in the House and in the other body feel, that a 90-percent guarantee is imprudent.

The Small Business Administration and our committee's distinguished ranking member, Mr. LAFALCE, argued that the SBA's Export Working Capital Loan Program had been harmonized with Ex-Im bank's program both carry-

ing 90-percent Government guarantees, and that changing SBA's guarantee would cause great harm to these harmonization efforts. A majority of both the House and Senate Small Business Committee members did not agree, and no provision keeping the 90-percent guarantee was included either S. 895 or H.R. 2150, making it a nonconference item. However, in recognition of the fact that the guarantee rate for the SBA's export working capital loans will now be lower than Ex-Im's, the conferees have called for a study of the impact of the lower guarantee rate on small businesses in the export market. This study should help us assess whether or not the 90-percent guarantee is vital to these loans, or whether Ex-Im should consider bringing their guarantee rates in line with the SBA's, again creating a harmonized program.

Mr. Speaker, this conference report is good for small business, good for the taxpayer, and, as I previously mentioned, a model of the bipartisan cooperation that traditionally graces the work of the Small Business Committee. I would like to thank our ranking member, Mr. LAFALCE, in particular, for his efforts on this legislation, and I strongly urge the adoption of this important measure.

Mr. Speaker, I reserve the balance of my time.

Mr. SKELTON. Mr. Speaker, I yield myself such time as I may consume.

(Mr. SKELTON asked and was given permission to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, I rise in support of the conference report on S. 895, the Small Business Lending Enhancement Act of 1995.

The main purpose of this legislation is to adjust the fees and guaranty levels of two Small Business Administration loan programs—steps I reluctantly agree to in order to make the insufficient appropriation level accorded these programs go as far as possible in meeting the credit needs of the small business community. Under current fee and percentage guarantee schedules, the SBA would only be able to approve a small percentage of the loan applications it anticipates receiving in the next fiscal year, given appropriation projections.

Yes, reducing the percentage of an SBA loan which the Federal Government guarantees and raising the fees charged to the borrower and lender will lower the cost of the program to the Federal Government, but another price will be paid in the process. Smaller loans will be more expensive for the borrower and may mean that some small businesses will not be able to turn to this lender of last resort, the SBA Guaranty Program. These changes will also make the loans less profitable for lenders, which may mean that fewer of them will be willing to participate in this program and the options available to the small business person will lessen in this way also.